

## Message Text

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ACTION PM-07

INFO OCT-01 EA-11 ISO-00 CIAE-00 INR-10 NSAE-00 RSC-01

TRSE-00 OMB-01 AID-20 IGA-02 L-03 EB-11 DRC-01 SP-03

/071 W

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P R 300802Z MAY 74

FM AMEMBASSY SEOUL

TO SECDEF WASHDC PRIORITY

SECSTATE WASHDC PRIORITY 4051

INFO CINCPAC

C O N F I D E N T I A L SEOUL 3437

E.O. 11652: GDS

TAGS: MASS, KS, US

SUBJECT: ADDITIONAL FY74 FMS CREDIT FOR KOREA

REF: STATE 112422

1. JUSMAG CHIEF MET WITH MND ASST MINISTER PAIK SEOK CHU TODAY. JUSMAG CHIEF EXPLAINED THAT WE DO NOT AS YET HAVE FIRM FIGURE FOR FY74 MAP LEVEL. HOWEVER, WASHINGTON HAS INFORMED US MAP GRANT ASSISTANCE LEVEL FOR KOREA WILL BE CUT BY AT LEAST 34.3 MILLION. SAID GRANT LEVEL WILL BE NO MORE THAN \$78 MILLION AND MAY BE LESS. HE EXPLAINED CUT IN FY74 PROGRAM CAUSED BY EXPANDED CAMBODIAN REQUIREMENTS AS WELL AS VERY LIMITED CONGRESSIONAL FUNDING.

2. AS INSTRUCTED REFTTEL, JUSMAG CHIEF SAID THAT WE AUTHORIZED TO OFFER \$20 MILLION IN ADDITIONAL FMS GUARANTEED CREDITS AS A PARTIAL OFFSET. THIS WOULD BE IN ADDITION TO \$25 MILLION FMS CREDIT LEVEL ALREADY APPROVED. JUSMAG CHIEF ALSO EXPLAINED THAT WE NEEDED ROKG ACCEPTANCE OF THIS OFFER BY JUNE 3, SO THAT USG CAN AUTHORIZE TREASURY TO PREPARE INVITATIONS TO BID FOR A TOTAL OF \$34 MILLION, INCLUDING REMAINING \$14 MILLION OF ORIGINAL FMS CREDIT ALLOTMENT. ALSO SPECIFIED THAT PROVISION OF THIS ADDITIONAL \$20 MILLION CREDIT WOULD BE WITH UNDERSTANDING THAT ITEMS TO BE FINANCED MUST BE WITHIN KOREAN FORCES MODERNIZATION PLAN AND AGREED TO BEFORE  
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THE END OF THE FISCAL YEAR.

3. PAIK IMMEDIATELY GAVE ROKG AGREEMENT TO ADDITIONAL \$20 MILLION IN FMS AND ACCEPTED UNDERSTANDING THAT ITEMS TO BE FINANCED WOULD BE WITHIN MOD PLAN. HOWEVER, EXPRESSED UNHAPPINESS OVER SIZE OF CUT IN GRANT ASSISTANCE LEVEL, INDICATING THAT MND HAD EXPECTED REDUCED MAP LEVEL BUT ONLY IN RANGE OF \$85 MILLION.

4. COMMENT: WE EXPECT TO GET FURTHER RUMBLINGS FROM MND ABOUT SEVERITY OF CUT IN FY74 MAP LEVEL BUT THESE RUMBLINGS SHOULD BE MANAGEABLE. PAIK WAS COMPLETELY AWARE THAT \$78 MILLION LEVEL IS ONLY CEILING AND THAT FINAL GRANT ASSISTANCE LEVEL NOT YET FIXED. HOWEVER, WE WOULD CAUTION THAT ANY FURTHER REDUCTION IN GRANT ASSISTANCE LEVEL SIGNIFICANTLY BELOW PRESENT \$78 MILLION WOULD PROBABLY BRING MUCH STRONGER ROKG REACTION.

6. IN DISCUSSING WITH MND ITEMS TO BE FINANCED UNDER ADDITIONAL \$20 MILLION IN FMS CREDIT, JUSMAG WILL PROCEED ON BASIS PRIORITY LIST CONTAINED IN OUR LATEST POM SUBMISSION.  
ERICSON

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MILITARY ASSISTANCE PROGRAMS, PROPOSALS (BID), MEETINGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 30 MAY 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** BoyleJA  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Page Count:** 2  
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**Previous Handling Restrictions:** n/a  
**Reference:** STATE 112422  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** BoyleJA  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 06 AUG 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <06-Aug-2002 by kelleyw0>; APPROVED <24 MAR 2003 by BoyleJA>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ADDITIONAL FY74 FMS CREDIT FOR KOREA  
**TAGS:** MASS, KS, US  
**To:** DOD STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005